



## **Transportation Finance Issues: History**

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### **Historical review of transportation funding in Wisconsin**

#### **1960's-70's: disinvestments in transportation**

- After building most of the state's Interstate highway system with federal funds, Wisconsin went 14 years (from 1966 to 1980) without an increase in highway-related transportation fees.
- During this period, there were two energy crises that triggered massive inflation, causing the value of user fees to shrink dramatically.
- Congress also enacted the Corporate Average Fuel Economy (CAFE) with an accelerated timeline that caused a reduction in motor fuel use.
- As a result of disinvestments in the highway system during this time period, travelers regularly encountered posted bridges, obsolete roads, growing congestion, potholes and rapidly deteriorating pavement.
- If state policies had continued to merely maintain the 1980's purchasing power of transportation revenues, the problems would have continued to grow making the system in the year 2000 virtually impassable.

#### **1980's: period of rebuilding**

- The 1980's saw strong bipartisan support for staged increases in highway user fees to restore the existing system and make targeted investments in capacity projects. There were also increases in local transportation aids and state transit assistance.
- Statutory fee increases approved in the 1980's included:

1980	2 cent per gallon gas tax increase
1981	4 cent per gallon gas tax increase
	\$7 increase in vehicle registration fee (\$18 to \$25)
1983	2 cent per gallon gas tax increase

1984	1 cent per gallon gas tax increase
1987	2 cent per gallon gas tax increase

- The 1983-85 budget created indexing as a way to annually adjust the gas tax and maintain the buying power of gas tax revenues.
- The first indexing adjustment took place on April 1, 1985 with a five-tenths increase in the gas tax (16 to 16.5 cents). In 1989, the indexing adjustment resulted in a one-tenth **reduction** in the state gas tax.
- During the 1980's the Legislature also created the major projects revenue bonding program and the Transportation Projects Commission to provide funding for majors and a forum for Legislative input into the selection of projects.

## **1990's-2002: modest revenue increases**

- During the 1990's, there was one statutory increase in the state gas tax – a 1 cent per gallon increase that took effect on November 1, 1997.
- In 1997, the Legislature changed the indexing formula to remove the consumption factor and have the gas tax indexed only to inflation.
- Vehicle registration fees were increased twice during the 1990's. Fees were raised from \$25 to \$40 in 1991 and from \$40 to \$45 in 1997.
- Significant new federal transportation funding was obtained through ISTEA and TEA 21, increasing total investments in state highways, local roads and bridges and transit assistance. The Congestion Mitigation and Air Quality Improvement and Enhancements Programs were also created.
- Highway investments during the 1990's included significant progress on building the Corridors 2020 system backbone routes, some new capacity projects, pavement replacement and local road improvements.

## **Future: additional resources required**

- The need to invest in Wisconsin's transportation infrastructure is far from complete. Current resources will not meet existing and projected needs. There are no excess funds available to reallocate.